



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture



JUNE 27, 2000

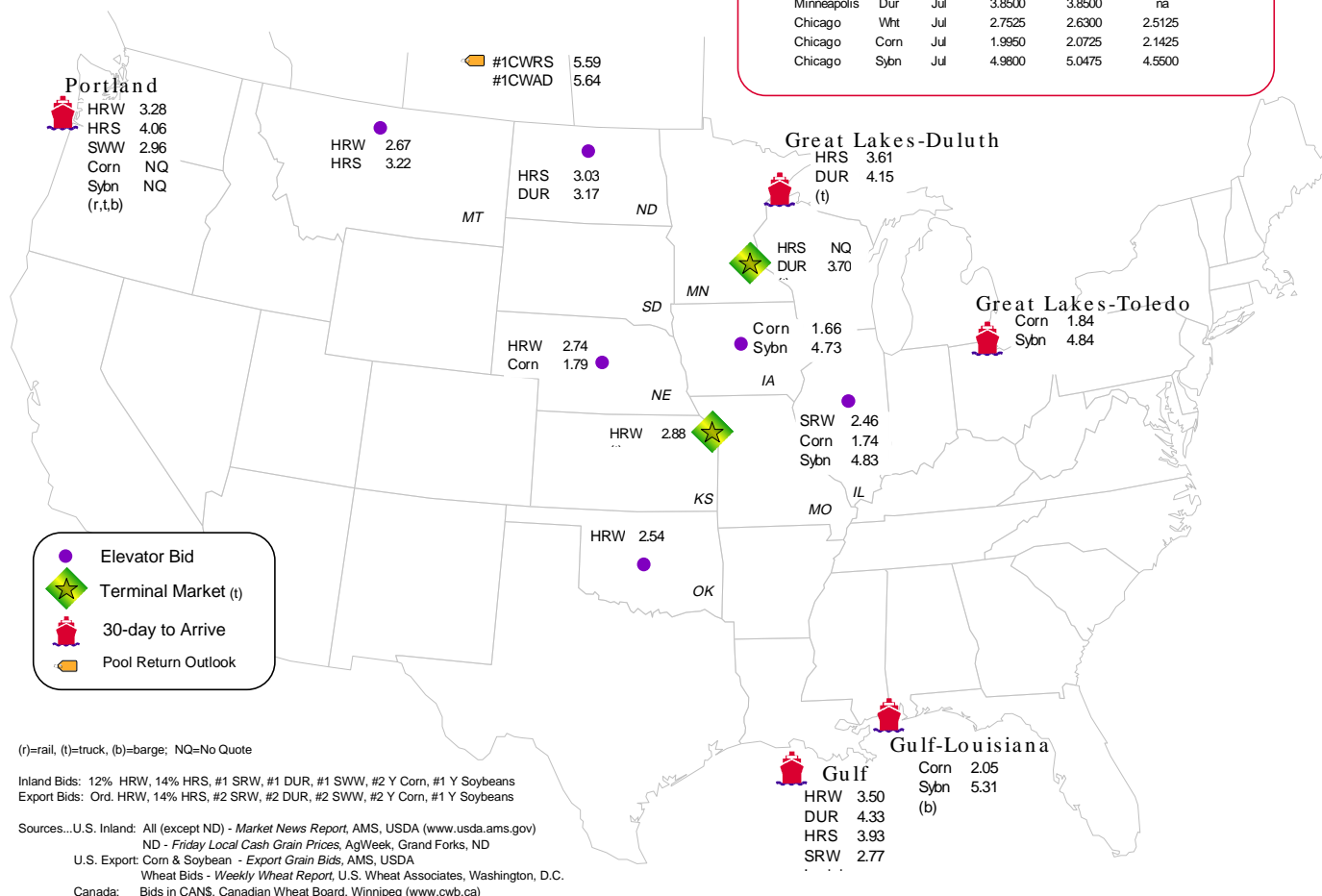
Upper Mississippi/Illinois Lock Expansion Scrutinized. Lock expansion and renovation along the Upper Mississippi and Illinois Rivers (UM/IR) is receiving close attention lately due in part to a May 16 report released by the Northwest-Midwest Institute (NE/MW), a Washington, DC-based private, non-profit and non-partisan research group. Using an independent panel of three economists with expertise in trade and transportation, the Institute has presented the report entitled, *Adequacy of Research on Upper Mississippi-Illinois River Navigation Project*, to review the U.S. Army Corps of Engineers (USACE) *Upper Mississippi and Illinois River Navigation Study*, which is scheduled for completion later this year. The Corps study, to this point, offers data which would propose to increase the size of seven locks along the Upper Mississippi and Illinois Rivers, from the current 600 feet to a length of 1,200 feet, allowing barges to be passed through at a faster rate. With the existing lock size limitations, it is now necessary for a fifteen barge tow to be split into a nine and six barge configuration, thereby increasing the cost and duration of the movement, adding to shipping delays. A 1,200 foot lock, however, would allow a fifteen barge tow to pass through without separation, increasing the efficiency of traffic flow on the waterway system. The economists presenting the NE/MW study note that their review is only in regard to the "adequacy of the research," and clearly take no position in making a "definitive independent recommendation as to whether UM/IR should be recommended for funding." Findings of the NE/MW review, however, essentially claim that the Corps study overestimates projected grain exports; determines demand elasticities arbitrarily; and ignores factors such as the possibility of exports being shipped through ports other than New Orleans, the utilization of grain for domestic use, and investment in alternate transport modes. In addition, the economic review also notes that the Corps study appears to disregard potential impacts, such as on the regional economy, and on the regional and national transportation networks. Each would, subsequently, lessen the grain sectors expected dependence on barge transportation and the UM/IR system, and further question the need for lock modernization. Other groups, such as environmentalists, oppose the plan claiming that it would be detrimental to the river habitat. Those in support of lock modernization, such as Christopher Brescia, president of the St. Louis-based, Midwest Area River Coalition (MARC2000), are critical of the NE/MW review. MARC2000 represents agricultural, labor, shipping and port groups. The Coalition supports modernization because the river system "supports over 400,000 jobs, accounts for over 60 percent of our nation's grain exports, and is the most environmentally friendly way of moving bulk commodities," according to Brescia. Also, in response to the NE/MW report, the group asserts that lock improvements would still be justified despite USACE growth forecasts. It claims that without the size increase to the seven UM/IR locks by 2020, Midwestern farmers will lose over \$360 million per year. The Coalition also claims that the lock improvements are necessary to capture market surges in grain demand. It references the opinion of an independent economist, who, taking into account "expected changes in the marketplace," indicates that Corps traffic and grain projections should be increased by 5 to 20 percent. Among other issues, the group also claimed that the review did not take into account specific data from other sources, which, it was felt, would likely influence the assessment by the NE/MW. This Coalition response, along with other relevant information may be found at the MARC2000 Web site located at www.marc2000.org. The complete NE/MW report, reviewing the Army Corps study, may be found at www.nemw.org (Workboat 7/00, USDA, www.marc2000.org, www.nemw.org.)

Improved Efficiencies Expected At East African Port. The fast-growing East African seaport of Mombasa, Kenya is expected to improve its grain unloading operation, due to a new 30,000 metric ton bulk grain receiving and storage facility quay-side at the port. Bulk grain had formerly been unloaded at a rate of about 2,000 tons per day, bagged in Mombasa, and loaded into trucks or rail wagons for delivery in Kenya or bordering countries. It was a slow and expensive process which contributed to grain loss and deterioration. The new facility, however, has the capacity for unloading 10,000 to 12,000 tons of grain per day, and accommodating ships with 40,000 to 50,000 ton capacities. The ports ability for faster ship unloading and larger grain shipment sizes will likely mean lower freight rates, and thus, lower costs for imported grain. This will allow U.S. exporters the ability to compete more closely with grain exporting countries located closer to Kenya. Estimates indicate a \$12 per ton savings in ocean freight rates for the facility. The new bulk grain handling facility also has the capability to load bulk grain directly into rail cars or trucks. However, since most inland grain milling facilities have traditionally received bagged grain, there are very few which are capable of receiving bulk grain. This is gradually changing, as indicated by a large mill in the Nairobi area. This mill, and many others, are building or converting their facilities to receive bulk grain. Trucking and railroads remain as two limiting factors to the handling of bulk grain. Few trucks have the capability to handle bulk grain, and the Kenyan railroad has virtually no rail hopper cars to devote to grain transport. Mombasa's modern deep water harbor of Kilidini, along with Old Mombasa Harbor, serve as a port for Kenya, as well as northeastern Tanzania and Uganda. (USDA, www.rcbowen.com/kenya/cities/mombasa.html)

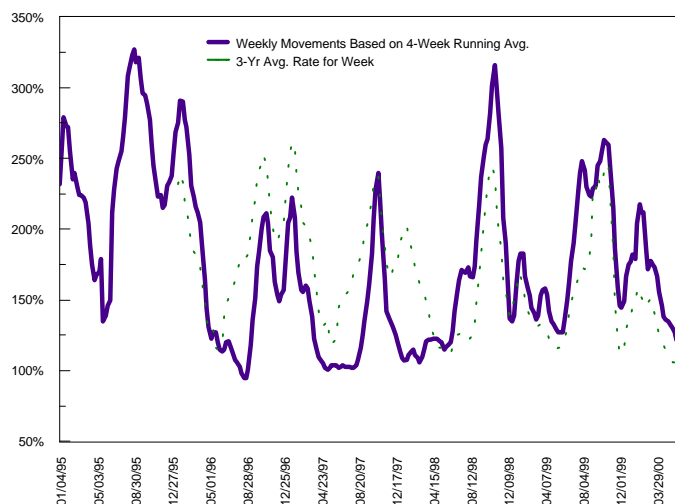
Report is prepared by Karl Hacker and Sigal Nissan, Agricultural Economists, Transportation & Marketing, Agricultural Marketing Service, USDA (202) 690-1304. Report design by Kimberly Vachal, Upper Great Plains Transportation Institute, North Dakota State University. You can retrieve this document from our Automatic Fax System by using the handset on your fax machine and dialing (202) 690-1707. This report can be found on the Internet at www.ams.usda.gov/tmd/grain.htm. E-mail comments to GTR@usda.gov.

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Futures:				Week Ago	Year Ago
			06/23/00	06/16/00	06/25/99
Kansas City	Wht	Jul	3.0725	2.9625	2.8150
Minneapolis	Wht	Jul	3.3100	3.2375	3.4325
Minneapolis	Dur	Jul	3.8500	3.8500	na
Chicago	Wht	Jul	2.7525	2.6300	2.5125
Chicago	Corn	Jul	1.9950	2.0725	2.1425
Chicago	Soyb	Jul	4.9800	5.0475	4.5500



Index - Percent of Tariff Rate



The graph displays the average cost per car for two different trading strategies over a three-year period. The BNSF-SWAP strategy (black line) and the UP-POOL strategy (purple line) both show a similar pattern of volatility, with peaks occurring around late 1997, late 1998, and late 1999. The UP-POOL strategy generally shows higher peaks and lower troughs compared to the BNSF-SWAP strategy. The \$0 line represents the tariff rate, which is a key benchmark for the trading costs.

Delivery Month-Year	BNSF-SWAP (\$/Car)	UP-POOL (\$/Car)
Sep-97	80	100
Oct-97	180	200
Nov-97	180	230
Dec-97	130	220
Jan-98	70	140
Feb-98	-10	80
Mar-98	-90	10
Apr-98	-130	-20
May-98	-150	-30
Jun-98	-30	50
Jul-98	60	100
Aug-98	120	150
Sep-98	170	190
Oct-98	110	140
Nov-98	30	60
Dec-98	-10	20
Jan-99	-30	10
Feb-99	-40	0
Mar-99	-45	-10
Apr-99	-45	-10
May-99	-10	0
Jun-99	-10	20
Jul-99	20	40
Aug-99	60	90
Sep-99	70	100
Oct-99	10	30
Nov-99	-40	-10
Dec-99	-40	-20
Jan-00	-40	-30
Feb-00	-40	-40
Mar-00	-40	-40
Apr-00	-45	-30
May-00	-40	-20
Jun-00	-30	-10
Jul-00	-10	10
Aug-00	10	20
Sep-00	10	30
Oct-00	10	35
Nov-00	10	10
Dec-00	0	0

Rail Car 'Auction' Offerings

Delivery for:	Jul-00		Sept-00	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	12,000	60%	12,000	47%
UP-GCAS	5,400	2%	5,400	14%
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Jul-00	Aug-00	Sep-00	Oct-00
BNSF-GF	\$(106)	\$(20)	\$(5)	\$5
UP-Pool	\$(50)	\$(21)	\$(1)	\$22

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Aug-00	Sep-00	Oct-00
COT/N. Grain	no bid	no bid	no bid
COT/S. Grain	no bid	no bid	no bid
GCAS/Region 2	no bid	no bid	no bid
GCAS/Region 4	no bid	no bid	no bid

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com,
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values**

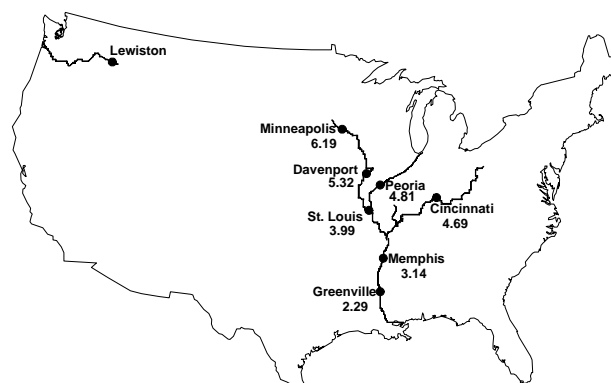
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate	
			Bid	Offer
6/27/00	St. Louis	wk 6/25	115	Trade
		Jul.	135	140
		Jan.	120	-
	Mid Miss	wk 6/25	170	Trade
	Twin Cities	wk 6/25	200	Trade
	Memphis/Cairo	Aug.	165	-
		Sept.	200	-
		Dec.-Mar.	125	Trade

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

Southbound Barge Freight Spot Rates

	6/21/00	6/14/00	July '00	Sept. '00
Twin Cities	183	177	203	257
Mid-Mississippi	154	151	174	242
Illinois River	142	138	164	235
St. Louis	111	108	131	208
Lower Ohio	112	115	137	230
Cairo-Memphis	101	106	120	203

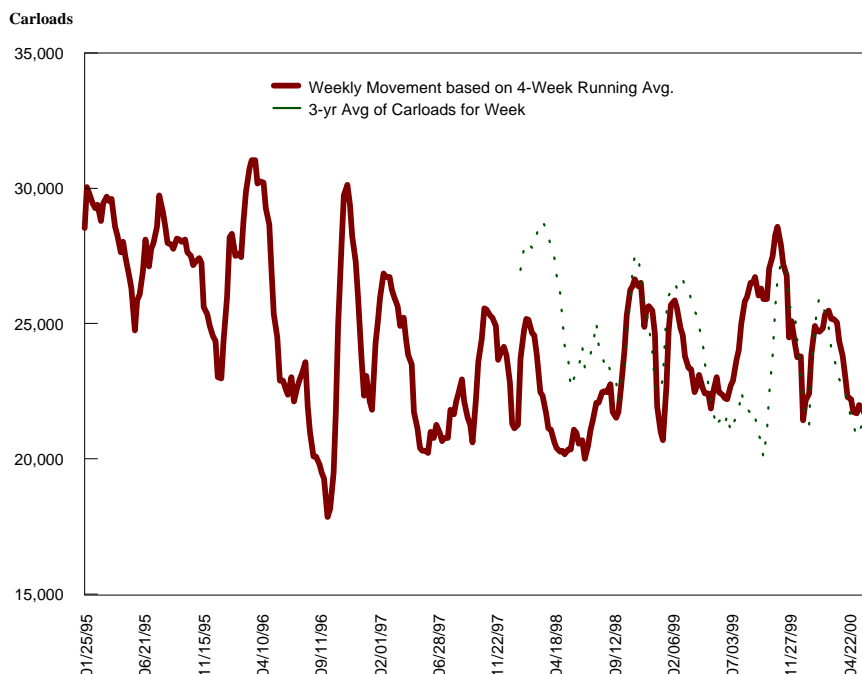
Source: Transportation & Marketing /AMS/USDA
nq=no quote**Barge Benchmark Tariff Rates
Est. 1976 - 'Tariff No. 7'**

Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
6/3/00	19,879
6/10/00	20,236
6/17/00	21,276
Year to Date - 2000	562,228
Year to Date - 1999	561,181
Total 1999	1,269,741

**1998 - 52 weeks

* 1997 - 53 weeks



Class I Rail Carrier Grain Car Bulletin

Carloads

Canoads									
			East		West			Canada	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
06/17/00	0	2,379	1,734	3,321	6,552	327	6,963	2,047	4,344
This Week Last Year	0	2,796	2,366	2,836	7,054	785	7,214	2,162	4,697
2000 YTD	0	68,092	42,653	70,991	186,334	13,537	180,621	64,616	106,873
1999 YTD	15,522	59,204	38,198	62,688	188,874	17,445	179,250	50,405	83,245
1999 Total	15,522	132,157	88,056	138,379	465,088	33,911	398,262	121,381	206,328
1998 Total	40,192	126,128	77,811	131,158	431,459	34,503	342,609	113,568	215,005

Source: Association of American Railroads

**1998 - 52 weeks

* 1997 - 53 weeks

Tariff Rail Rates for Unit Train Shipments

June 2000

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
06/05/00	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
06/05/00	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,877	\$42.74	\$1.16
06/05/00	46540	Wheat	Kansas City, MO	Houston, TX	\$1,550	\$17.09	\$0.47
06/05/00	43586	Wheat	Kansas City, MO	Portland, OR	\$4,133	\$45.56	\$1.24
06/05/00	43581	Wheat	Omaha, NE	Portland, OR	\$3,805	\$41.94	\$1.14
06/05/00	31040	Corn	Minneapolis, MN	Portland, OR	\$3,000	\$33.07	\$0.84
06/05/00	31035	Corn	Kansas City, MO	Portland, OR	\$2,600	\$28.66	\$0.73
06/05/00	31040	Corn	Omaha, NE	Portland, OR	\$2,615	\$28.82	\$0.73
06/05/00	61180	Soybean	Minneapolis, MN	Portland, OR	\$2,880	\$31.75	\$0.86
06/05/00	61180	Soybean	Omaha, NE	Portland, OR	\$2,480	\$27.34	\$0.74
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

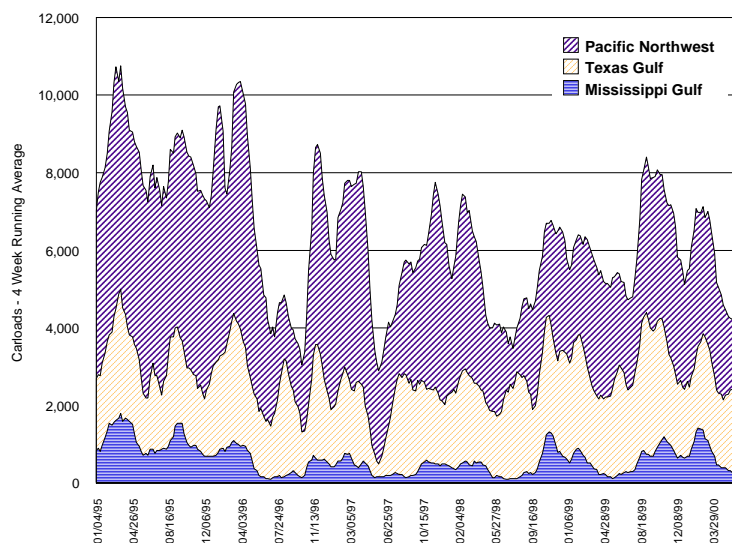
Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

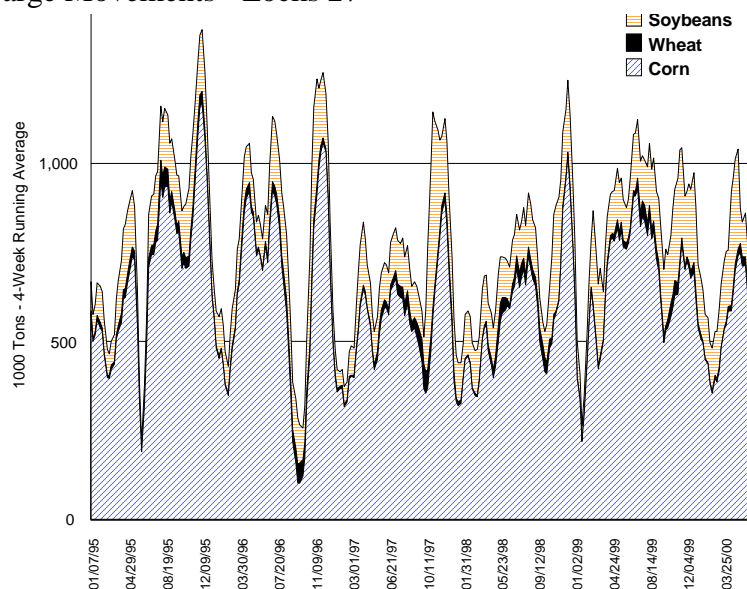
Rail Deliveries to Port**Carloads**

	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
05/17/00	311	2,518	1,895	50
05/24/00	308	2,400	1,719	153
05/31/00	210	1,789	1,976	368
06/07/00	245	2,296	2,259	9
06/14/00	204	1,607*	961*	8
06/21/00	9*	1,676*	1,458*	10
YTD 2000	16,874*	51,587*	67,385*	7,382
YTD 1999	10,223	60,779	70,192	7,133
Total 1998	23,844	115,321	138,461	12,505
Total 1997	20,152	93,265	195,953	9,147

Source: Transportation & Marketing/AMS/USDA

Rail Deliveries to Port

*Incomplete Data

Barge Movements - Locks 27**Barge Grain Movements**

for week ending 6/17/00

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	337	12	47	396
Winfield, MO (L25)	506	17	104	627
Alton, IL (L26)	717	24	153	904
Granite City, IL (L27)	747	24	151	933
Illinois River (L8)	190	4	42	266
Ohio (L52)	40	4	23	89
Arkansas (L1)	0	42	3	45
2000 YTD	14,823	913	4,204	20,788
1999 YTD	16,406	1,111	3,400	22,472
Total 1999	36,711	2,883	9,771	51,887
Total 1998	31,001	2,401	8,674	45,134

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.
Source: U.S. Army Corp of Engineers

U.S. Export Balances (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
06/15/00	1,218	744	724	586	255	3,526	8,079	2,718	14,323
This Week Year Ago	1,426	275	851	403	202	3,157	8,306	2,058	13,521
<u>Cumulative Exports-Crop Year</u>									
99/00 YTD	383	162	253	107	1	906	38,348	23,286	62,540
98/99 YTD	548	183	242	123	33	1,129	38,118	17,713	56,960
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31**Select U.S. Port Regions - Gain Inspections for Export - 1,000 Metric Tons**

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
06/22/00	204	100	0	69	614	174	152	0	4
2000 YTD	4,536	3,510	689	2,842	15,773	8,523	3,036	169	776
1999 YTD *	4,898	3,506	125	2,943	16,417	6,835	3,722	324	680
% of Last Year	42%	80%	106%	56%	50%	57%	42%	30%	56%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

Source: Federal Grain Inspection Service * YTD-Year-to-Date (*98 = 53 week period)

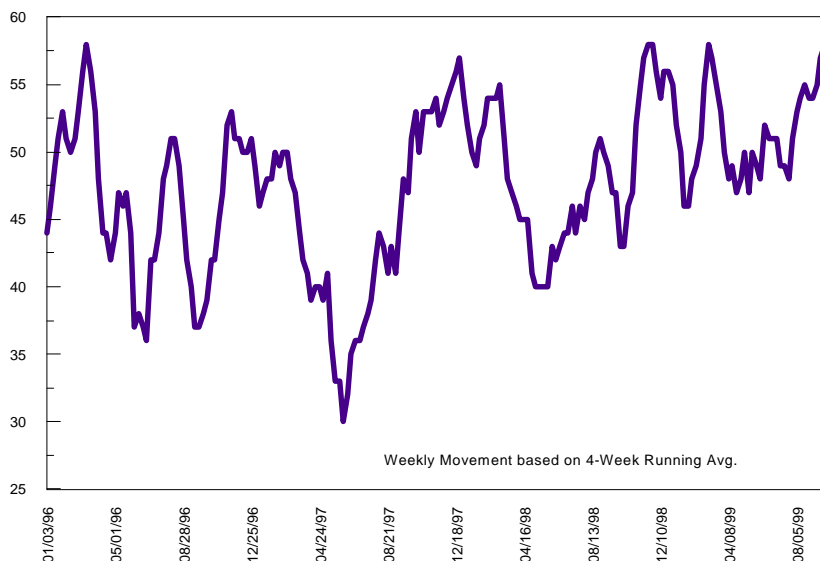
Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 6/15/00			
Vancouver	5,334	752	833
Prince Rupert	3,157	3	109
Prairie Direct	948	274	357
Thunder Bay	715	299	219
St. Lawrence	2,323	1,680	0
1999 YTD Exports	12,477	3,008	1,523
1998 YTD Exports	8,904	3,187	894
% of Last Year	140%	94%	170%

Source: Canadian Grains Commission
YTD-Year-to-Date Crop Year 8/1-7/31

Vessels



**Gulf Region
Vessels Loaded
- Past 7 Days-**

Port Region Ocean Grain Vessels

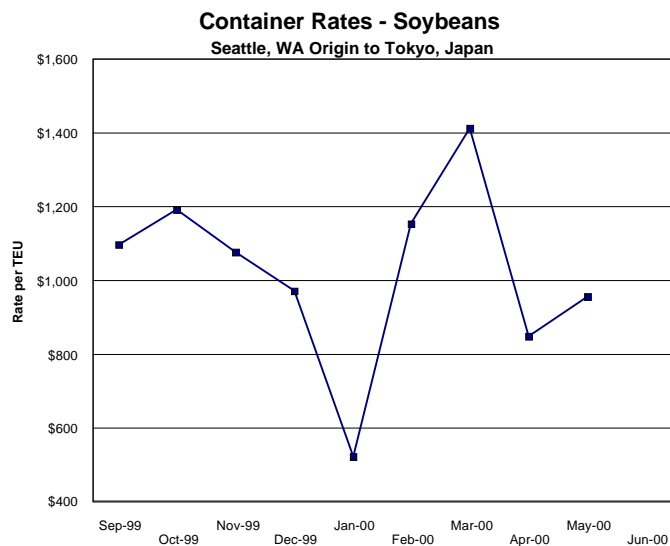
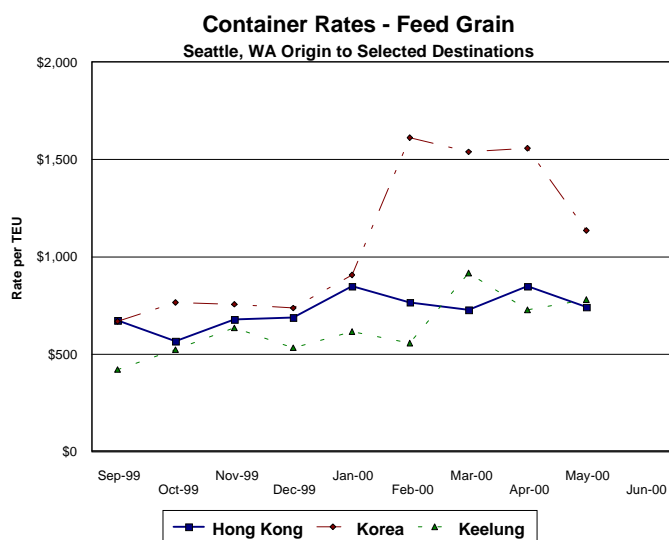
	Gulf			Pacific Northwest			Vancouver, B.C.		
	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>
06/15/00	27	42	67	10			15	10	5
06/22/00	27	41	77	10			10	n/a	5
1999 Range	(14..47)	(39..65)	(34..80)	(6..18)			(2..20)	(2..15)	(0..9)
1998 Range	(19..62)	(34..64)	(40..93)				(1..19)	(3..14)	(0..10)
1999 Avg	32	52	65				9	9	3
1998 Avg	40	48	61				10	9	3
1997 Avg	33	45	58						

Source: Transportation & Marketing /AMS/ USDA

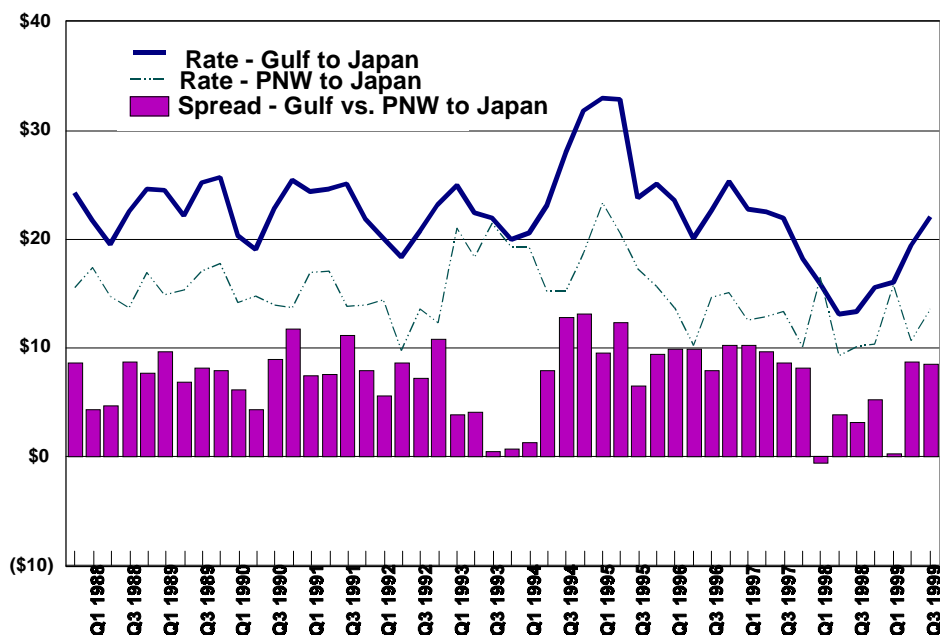
Container Ocean Freight Rates

Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share

Source: Transportation & Marketing/AMS/USDA



US\$/Metric Ton



Quarterly Ocean Freight Rates

Quarterly Ocean Freight Rates

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	2000 1 st Qtr	1999 1 st Qtr	% Change		2000 1 st Qtr	1999 1 st Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$19.46	\$13.17	48%	Japan	\$10.71	\$9.35	15%
Mexico	\$14.97	\$16.33	-8%	Red Sea/ Arabian Sea			
Venezuela	\$12.64	\$10.30	23%				
N. Europe	\$13.31	\$8.85	50%	Argentina to			
N. Africa	\$18.20	\$13.87	31%	N. Europe	\$13.94	\$12.15	15%
				Japan	\$23.00	\$16.21	42%

Source: Transportation & Marketing/AMS/USDA; (*) rates shown are for metric ton (2,204.62 lbs.=one metric ton)

Ocean Freight Rates (Select Locations) - week ending 6/24/00

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Toledo/Milwaukee	Algeria	Heavy Grain	Jul5/20	18,000	\$28.50op29.75
Gulf	Lisbon/Hamburg	Grains	Jun20/30	30,000	\$17.50
Gulf	Egypt	Wheat	Jul1/15	55,000	\$16.75
Gulf	Algeria	Heavy Grain	Jul3/7	25,000	\$22.00
Gulf	Taiwan	Heavy Grain	Jul25/Aug5	54,000	\$21.50
Gulf	Japan	Heavy Grain	Jul1/10	54,000	\$23.00
Brazil	China	Heavy Grain	Jun5/15	55,000	\$23.50
United Kingdom	Cyprus	Barley	Prompt	25,000	\$15.50
France	Tunisia	Wheat	Prompt	22,500/23,000	\$13.75
Hamburg	Tunisia	Barley	Spot	25,000	\$13.50

Source: Maritime Research Inc.; rates shown are for long ton (2,240 lbs.=one long ton), F.O.B., except where otherwise indicated; op=option